

MSR Stakeholder Working Group
Los Alamitos/Seal Beach/Rossmoor/Sunset Beach Focus Area
October 27, 2004

Meeting Minutes
(Approved 11/18/04)

I. Call to Order:

LAFCO's Assistant Executive Officer Bob Aldrich called the meeting to order at 6:00 p.m. Working group members Henry Taboada (City of Los Alamitos) and Doug Dancs (City of Seal Beach) were not in attendance.

Mr. Aldrich welcomed the stakeholders to meeting #6. Further, he introduced LAFCO's newly appointed Executive Officer, Joyce Crosthwaite, as well as a new member to the stakeholder working group, Susan Bell, who replaced Ann Crafton as the representative from the Rossmoor/Los Alamitos Sewer District.

Mr. Aldrich requested comments from the public.

Eric Christensen, a resident of Rossmoor speaking as an individual, provided a hand-out summarizing his concerns about the MSR stakeholder working group process. He expressed concern over the stakeholder working group's failure to engage in public outreach, stating that public support would be a critical component to solving the focus area's governance and service issues. He objected to section 4 of the working group's June 15 meeting minutes, which states that the County cannot continue to provide municipal services to the unincorporated areas. He clarified that, while the County may not want to continue providing such services, the County certainly could continue to provide those services. He also called the working group's attention to section 5 of the group's June 15 meeting minutes, saying that he was disappointed that the working group had not considered all of the potential alternatives. The hard decisions, he said, should not be relegated to LAFCO but should be decided by the affected agencies and communities. He added that the record should reflect that the working group considered all of the alternatives as well as capture the reasons why the working group rejected the unviable alternatives.

II. Review Agenda and Desired Outcomes

Mr. Aldrich explained the order of the meeting and outlined the meeting's desired outcomes.

Speaking to public comment, a member of the working group commented that he would like to add two items to the working group's discussion: 1) public outreach and 2) vision plan alternatives. Mr. Aldrich confirmed that both issues were already on the agenda for discussion by the working group.

III. MSR Work Plan Review

Mr. Aldrich summarized the stakeholder working group's actions to date. He commented on LAFCO's commitment to gathering extensive and accurate data for analysis. He detailed the

difficulty that LAFCO staff encountered in assembling an accurate cost comparison between the various law enforcement agencies, as each provides different services and calculates its costs differently. He explained that the gap in law enforcement data postponed the working group's process but added that LAFCO had hired Scott Bryant & Associates, a consulting firm specializing in law enforcement cost comparisons, to complete a comparison in conjunction with both cities' police departments and the Orange County Sheriff's department.

Mr. Aldrich further summarized the MSR working group process. The overview included an examination of the statutory requirements, the nine determinations, spheres of influence, and the working group's desired outcomes. He said that the process will result in two end products to the Commission: 1) the stakeholder working group's 20-year vision plan (the working group's vehicle for providing input to the Commission) and 2) LAFCO staff's MSR report (LAFCO staff's means for providing its recommendations to the Commission). He encouraged the working group to share the 20-year vision plan with their respective agencies as well as to serve as a conduit for sharing the group's vision with the community.

A member of the working group commented that it was unfair of LAFCO to push the community outreach efforts on the working group and suggested that LAFCO should spearhead the public outreach efforts. Mr. Aldrich commented that the working group should consider scheduling community meetings among its options to outreach to its constituents. He further encouraged all of the working group members to attend the Commission's MSR public hearing.

A member of the working group asked for a status update on the MSR process for the other MSR focus area, Orange/Villa Park /Orange SOI. Mr. Aldrich stated that the other MSR working group had completed its 20-year vision plan. He further said that LAFCO staff was in the process of developing its MSR report for the Orange/Villa Park/Orange SOI focus area, which would be presented to the Commission along with that working group's 20-year vision plan in January 2005.

A member of the working group asked if the public outreach efforts for the Los Alamitos/Seal Beach/Rossmoor/Sunset Beach focus area would be completed in advance of MSR public hearing. Mr. Aldrich responded affirmatively.

Another working group member asked Mr. Aldrich to explain the relationship between the working group's 20-year vision plan and the nine determinations outlined in the LAFCO MSR staff report. Mr. Aldrich stated that the 20-year vision plan would reflect the working group's input, while LAFCO staff would incorporate its recommendations for the nine determinations as part of its independent report. He reminded the working group that it will be left to the affected agencies to pursue the alternatives that the working group selects in its 20-year vision plan.

In response to a question about changes to the agencies' spheres of influence, Mr. Aldrich commented that the Commission will consider the working group's 20-year vision plan, LAFCO staff's MSR report, and public comments before rendering its decision. He clarified that

LAFCO has the authority to change spheres of influence as well as to consolidate special districts.

LAFCO Executive Officer Joyce Crosthwaite interjected that LAFCOs statewide tend to allow the agencies to petition for consolidation rather than proactively initiating contentious consolidation proceedings. She said that it is the Commission's mandate to review all agencies' spheres of influence (SOI) every five years and added that the MSR process will guide the Commission's decisions about SOI updates/changes, if any. She stated that neither the Commission nor staff had any predetermined outcome in mind.

One member of the working group expressed concern about environmental impacts resulting from sphere changes, particularly impacts to the County's coastal regions. Ms. Crosthwaite clarified that LAFCO has nothing to do with coastal plans. She added that sphere changes do not require the completion of an environmental impact report (EIR) but an environmental review instead.

A member of the working group asked when Rossmoor's SOI was last modified. Mr. Aldrich responded that spheres of influence are attached to agencies and added that the unincorporated areas of Rossmoor and Sunset Beach lie outside of any city's SOI.

Mr. Aldrich presented the working group's work plan. Anticipating three more meetings, he said that he hoped that the working group would be able to complete its work by January 2005, but he added that the process would be extended if necessary.

The working group collectively decided that their next meeting would be held on Thursday, November 18.

IV. Vision Plan Alternatives

Walter Kieser, managing principal from the consulting firm Economic & Planning Systems, presented a PowerPoint presentation summarizing the MSR working group's vision plan alternatives. Commenting on earlier discussion, he opened his presentation by concurring that it would be imperative for the working group members to solicit their community's support and buy-in.

Mr. Kieser provided an overview of the focus area's governance and service provision issues and solicited the working group's feedback. He encouraged the working group to examine the full range of vision plan alternatives so that the group could explain and justify why it rejected certain options. While the working group may deem certain alternatives politically unviable, he said, the record should reflect their consideration.

At the working group's request, Mr. Kieser clarified certain governance options, including joint powers authorities (JPAs), CSAs (county services areas), and the borough system of government. He added that there was no statutory basis for a borough system.

A member of the working group inquired about the potential for Rossmoor to incorporate as its own independent city. Mr. Kieser responded that the option was nearly impossible unless the residents agreed to tax each household approximately \$500 annually.

Mr. Aldrich explained that the working group's vision plan would examine four alternatives: 1) joint powers authorities (JPAs) for selected services within the MSR focus area; 2) creation or enhancement of community services districts (CSDs) for the County unincorporated areas of Rossmoor and Sunset Beach; 3) review of special districts within the MSR area; and 4) "outside-of-the-box" governance alternatives and possible state legislation. In addition to the four alternatives examined by the working group, Mr. Aldrich explained, the LAFCO staff report would explore a series of additional options including, but not limited to: 1) consolidation/merger of the entire area into one city; 2) annexation of Sunset Beach to Seal Beach; 3) annexation of Rossmoor to Los Alamitos; 4) incorporation of Rossmoor; 5) incorporation of Sunset Beach; and 6) County contracts with the Cities of Los Alamitos and/or Seal Beach for the provision of municipal services to unincorporated Rossmoor and Sunset Beach. Mr. Aldrich acknowledged that many of the options to be examined in the staff report were known impossibilities but explained that the Commission would want verification that the full range of alternatives was carefully examined. The staff report, he said, would in no way indicate that the working group supported such options.

A member of the working group asked if the group would be granted any input into LAFCO's staff report. Ms. Crosthwaite explained that the 20-year vision plan would be the working group's vehicle for providing input to the Commission, while LAFCO's staff report would be independent of the working group. She added, however, that LAFCO staff would share its MSR report with the working group in advance of the public hearing but for comment only.

Another member of the working group asked if the vision plan and staff's MSR report would be inclusive of data beyond that which the working group had already examined. Mr. Aldrich stated that the conceptual fiscal analyses would include data from the law enforcement cost comparison study currently under way. He said that the working group would have an opportunity to double-check the information that will be submitted to the Commission when the working group reviews its 20-year vision plan and the MSR report in advance of the public hearing. Ms. Crosthwaite added that LAFCO would give its best effort to present good analytical data but would not be able to exhaust more money and time dissecting the data that had already been provided.

Mr. Kieser initiated a dialogue re the working group's vision plan alternatives, indicating that the working group should break each of the four options into very specific analytical questions that he could examine.

The working group explored the idea of joint powers authorities (JPAs) and community services districts (CSDs). Mr. Kieser clarified that an agency must have the authority to provide a given service to become part of a JPA. He added that LAFCO could activate a district's latent powers to meet with this requirement provided that the specific service was among the district's latent powers.

A member of the working group asked if the County would likely consider transferring tax money to a JPA or CSD in order to offload specific service provision obligations. Mr. Kieser responded that the amount transferred would likely not be enough to cover the cost of service provision even if the County agreed to a property tax split.

In discussing CSDs, the working group concurred that the geographic distance between the two unincorporated communities of Rossmoor and Sunset Beach made the idea of a joint CSD infeasible. Further, Mr. Kieser stated that CSDs are prohibited from providing police services. He suggested, however, that enhanced police protection could be negotiated through a contractual arrangement with the Sheriff's department if funded directly by the taxpayers.

A member of the working group inquired about the possibility of Rossmoor CSD doing its own code enforcement. Mr. Kieser suggested that the County could delegate code enforcement authority to the community. He said the CSD could then have its own planning commission and staff person for enforcement. Mr. Aldrich interjected that the community of North Tustin has a Planning Advisory Committee (or PAC) which is an advisory body that provides input on land use projects to the Orange County Planning Commission and Orange County Board of Supervisors.

From their discussion, the working group members developed the following list of analytical questions for closer examination:

1) Joint Powers Authorities (JPAs) for Selected Services within the MSR Focus Area

- Would a joint powers authority for providing park and recreation services to the four areas within the MSR (Los Alamitos, Seal Beach, Rossmoor, and Sunset Beach) offer service improvements or cost reductions over the status quo? If so, what are the potential cost reductions?
- What are the opportunities to provide public works services within the MSR area through a joint powers authority (e.g., beach maintenance, roads maintenance, park & median maintenance, tree trimming, etc.)? What would be the cost reduction over the status quo?

2) Creation or Enhancement of Community Services Districts (CSDs) for the County Unincorporated Areas of Rossmoor and Sunset Beach

- If a Community Services District is formed, or is authorized to provide enhanced service, what revenues (include dollar amounts) would shift? What are the options to enhance revenue? How does the Rossmoor CSD revenue stream work? Why wouldn't this same revenue stream work for newly forming CSDs?
- Can a Community Services District provide parking enforcement? Where would a parking enforcement CSD make sense within the MSR area? What would the costs be?

- What would be the potential benefits of forming a community services district in Sunset Beach? What services make sense for a Sunset Beach CSD to provide? Describe how the revenue stream works and the costs (dollar amount) to residents.
- What services is a CSD statutorily allowed to provide? What would be the potential benefits of expanding the services (activating the district's latent powers) provided by the Rossmoor Community Services District? What additional services does it make sense for the Rossmoor CSD to provide? Describe how the CSD revenue stream would work and the costs (dollar amount) to residents.

3) Review of Special Districts within the MSR Area

- The working group didn't develop specific questions related to this alternative. Mr. Aldrich stated that LAFCO staff's MSR report would include a review of the special districts within the MSR focus area.

4) "Outside-of-the-Box" Governance Alternatives and Possible State Legislation

- Describe the "borough" system in a descriptive/qualitative format. (While the working group lacked the data to ask real analytical questions about a borough form of government, it decided that a qualitative description of such a system could be incorporated into the working group's vision plan along with the recommendation that the group found the idea meritorious of exploration.)

The working group also commented on the alternatives that LAFCO staff will explore in its MSR staff report:

1) Consolidation/Merger of the Entire Area into One City

- The working group concluded that this option was a non-starter, as it is politically infeasible.

2) Annexation of Sunset Beach to the City of Seal Beach

- The working group concurred that the residents of Sunset Beach are opposed to this alternative, as they fear that annexation would hasten the commercial development of their community to offset service provision costs to the city. Also, the County currently absorbs costly beach-related expenses (i.e., sand replenishment, lifeguards, etc.).

3) Annexation of Rossmoor to the City of Los Alamitos

- The working group concluded that this option was politically infeasible, in part, because of the utility tax imposed by the City of Los Alamitos.

- The group also discussed the fiscal uncertainty tied to the state's vehicle license fund (VLF) swap with the cities.

4) Incorporation of Rossmoor and/or Sunset Beach

- Mr. Kieser stated that the incorporation of either unincorporated community into a city would be fiscally infeasible without substantial tax increases to the residents.
- While on the face of it, the incorporations of Rossmoor and/or Sunset Beach do not seem fiscally feasible, Mr. Kieser agreed to examine the incorporation of the City of Villa Park in 1962 as a representative example. How was Villa Park able to incorporate? What has changed with newer incorporations that prevents Rossmoor and/or Sunset Beach from incorporating in the same way (i.e., revenue neutrality, etc.)?

V. Review of DRAFT Vision Plan & MSR Report Format

Mr. Aldrich distributed copies of the draft outline for the working group's 20-year vision plan.

VI. Next Steps/Homework

Mr. Aldrich asked the working group to thoroughly review the draft outline for the working group's 20-year vision plan. He directed the working group to submit its suggestions and/or comments to him by November 10, 2004.

The working group will convene again on Thursday, November 18, 2004.

VII. Adjournment

The meeting concluded at 8:58 p.m.